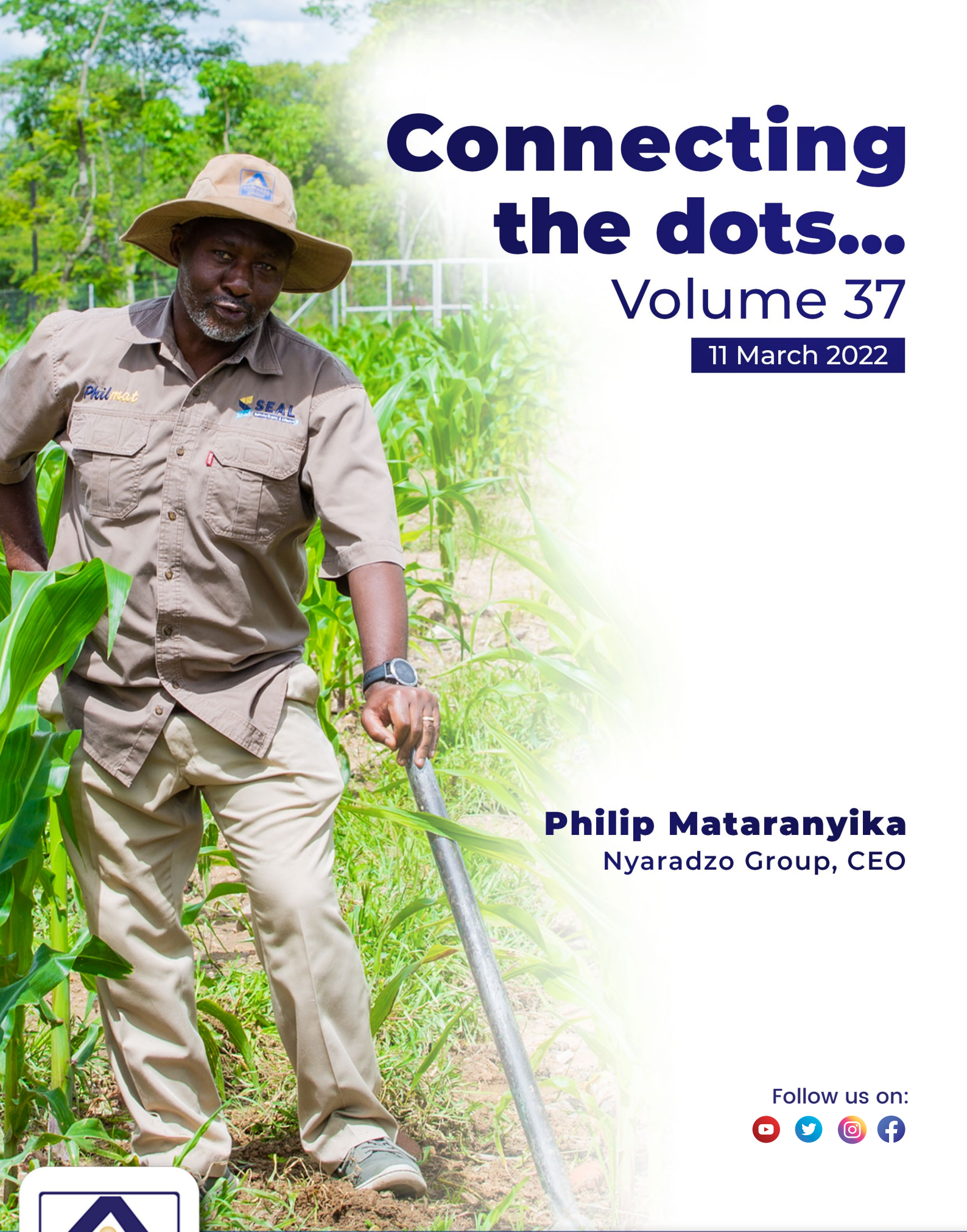

Connecting the dots...

Volume 37

11 March 2022

Philip Mataranyika
Nyaradzo Group, CEO

Follow us on:

NYARADZO GROUP

Learnings and lessons once I signed up with Old Mutual...

My interview at Old Mutual was a tough and rigorous one, a sign that the interviewing panel was on a mission to recruit nothing but the best to join the top insurance giant.

In preparation for my make-or-break interview, I had gathered some information on Old Mutual from talking to friends and going through old newspaper articles on the insurance company.

My uncle, Timothy "Tim" Chiganze, who was working for Munich RE at the time, was also helpful, sharing tips on what to expect and how I should conduct myself to leave a lasting impression on the interviewing panel.

It was the interviewing panel's business to separate the wheat from the chaff by recruiting talent that would fit perfectly into the norms and traditions of Old Mutual, which ranks among the top employers in markets where it has established a presence.

Without much knowledge about or experience in insurance, I decided to be myself and not be pressured to be anyone else. I knew I had maturity on my side and good "O" Level grades – from a rural school, for that matter – to go with it, factors I had a feeling, would help tip the scales in my favour.

Having acquired a modicum of people skills at Rukweza Secondary School where I was Head Boy the year before, and at church where I led the Youth Fellowship as president, I was also confident of having the personality and aptitude to make the grade.

Furthermore, I had gained invaluable life skills during my string of menial jobs at Carnaud Metal Box, National Foods, John Sisk and Son, the Chikudo family for whom I had worked as a herdboy at their Chifuri village homestead in Chiduku and, at my uncle Samson Musasa's workshop in Mbare Musika.

While I looked competitive on paper, I was under no illusion that I needed to demonstrate readiness to take up the challenge, willingness to learn, and be sufficiently motivated to make an impression.

Just as well, my approach did the trick as the panel was satisfied that they had found in me, someone who would align with Old Mutual's vision, mission and values. On the 1st of July in 1986, I was employed as an Administration Clerk at their Mutual House, on the corner of Second Street and Speke Avenue.

I was deployed to work in the Employee Benefits Division, in a special section called Market Linked, to provide support to an amazing team that managed employee benefits under the able leadership of section manager Marian Shepherd, now late. What followed was an experience of a kind!

When I took up the offer at Old Mutual, I knew nothing about insurance since I had not studied Commerce at "O" Level. Had I done so, I would have learnt the basic concepts such as insurable and non-insurable risks, pooling of insurable risk, premiums and actuarial calculations and valuations.

Had the Internet been in existence on the African continent by then, perhaps it would have helped give me a head start too, as to who Old Mutual were or what they did. But we had none until the 1990s or thereabouts. Today, one can Google any subject they wish to find out about or use other search engines such as Yahoo, Bing, Chrome and Ask.com, among others.

If any of these search engines were there back then, I possibly would have learnt much more about insurance ahead of my gruelling interview at Old Mutual.

Even with the aid of search engines designed to carry out web searches and given what I now know, I would still have made the decision to join Old Mutual ahead of the Department of Customs and Excise whose three-way gruelling interview I had also passed, getting an offer letter to start with them, also on the 1st of July 1986.

A number of factors influenced my decision to join Old Mutual ahead of the Department of Customs and Excise.

Uncle Tim had advised against joining the public service, passing on an opportunity to join a private sector organisation with the pedigree of Old Mutual and other household names of the time.

Although he acknowledged the advantage of flexible working hours and job security that came with working in government, Uncle Tim felt there was so much more to be gained from working in the private sector. These included better prospects for career advancement and better salaries once I had proved my mettle as well as more freedoms in making decisions and implementing them. This is unlike in the public sector, he counseled, where things get bogged down in red tape and bureaucratic sloth.

I was, therefore, completely sold on the idea of working for a private organisation where there was room for personal growth. Otherwise, there was not much difference between Old Mutual and the Department of Customs and Excise regarding my take-home pay when I decided to put pen to paper.

To put the remuneration into perspective, my starting salary – as captured in my Offer Letter from the Department of Customs and Excise – would be ZW$470 per month, whilst Old Mutual was offering ZW$471. While these amounts cannot buy two loaves of bread at today's prices, they were way above the breadline at the time, considering the exchange rate between the Zimbabwe dollar (ZW$) and the United States dollar (US$) was around ZW$1,64 to US$1.

Although John Chidyiwa, an associate of mine from the notorious group of friends I belonged to at Tsungai Primary School in Highfield, had gone on to scale lofty heights – having started off at the Department of Customs and Excise – I didn't think I was cut out for it.

After our parting when Johane and I were transferred to Farayi Primary School in Chitungwiza for Grade Seven, John had gone on to complete his Grade Seven at Tsungai Primary School, passing the examinations, before proceeding to high school.

On completion of his high school education, John had joined the Department of Customs and Excise, where he worked for several years. Eventually, he branched out with a friend with whom he partnered to create a shipping and clearing agent, Urgent Freight Services (Private) Limited, otherwise known as U-Freight. Two Italian nationals had encouraged them to start the freighting company.

As fate would have it, our paths would cross again when we were adults. We simply took off from where we had left in primary school – becoming bosom buddies again. By that time, John had become a trailblazing entrepreneur through U-Freight, where he was Managing Director, whilst his co-founder and friend, Emmanuel Mutebuka, doubled as the Operations Manager and co-director. This U-Freight however, had no links with U-Freight of the United States of America which has continued to be a household name in the freight business since its formation in 1968.

That John and Emmanuel had worked for the Department of Customs and Excise, which transmuted into the Zimbabwe Revenue Authority in September 2001, before branching out on their own and setting up U-Freight, at some point made me think twice about whether I had made the right decision in not joining government when I had the opportunity.

Nonetheless, I decided against crucifying myself over what-could-have-been and for having missed an opportunity to learn about imports, exports and the clearing of goods at the country's ports of entry and exit, which would have enabled me to set up a shipping and clearing agent of my own at a later stage.

Around the time I joined Old Mutual in 1986, the freight forwarding industry was expanding rapidly with indigenous people who had seen the proverbial light leaving their established employers in significant numbers to try their luck in the industry.

Zimbabwe had already developed a fairly sophisticated freight forwarding sector from as far back as the 1890s when the country had been first colonised. Due to its lack of direct port access and its central geographical location, the country needed robust logistical support which created room for the establishment of the freight forwarding industry.

As early as 1884, Manica Freight had been formed as the country's first trading and transport company, owned by Anglo American Corporation, which would later dispose of the asset to Safren of South Africa. Since then, the company has changed hands a couple of times and is currently a unit of CEVA Logistics, whose rich history dates as far back as 1946 when the company was founded in Australia by Ken Thomas of the Thomas Nationwide Transport fame.

Six years after Manica Freight had been established, Allen Wack and Shepherd (AWS) was founded in 1890, starting off as a warehousing company. By the 1950s, AWS had evolved into a travel bureau, forwarding, shipping, customs clearing agent and insurance and warehousing business that now trades as Allen Wack & Shepherd Global Freight (Private) Limited.

More companies would be established during the Unilateral Declaration of Independence (UDI) era in the 1970s when such services were desperately needed to keep supply lines open so that the Rhodesian economy, which was buckling under the weight of sanctions, did not grind to a halt.

That trend continued during the early 1980s when imports spiked again as peace and international legitimacy were re-established following Zimbabwe's attainment of independence. Thereafter, several other small customs clearing companies were set up, including my good friend John's, U-Freight, riding on the indigenisation mantra that sought to elevate black Zimbabweans into dominant players in this less capital intensive service sector.

Regardless, most of the small players operate as fringe customs clearing agents since – by virtue of being a landlocked country – Zimbabwe does not have bulk forwarders who ship containers or the consolidators whose business is to consolidate shipments that are either inward or outward bound.

Having joined Old Mutual, I consoled myself with the thought that while it could have been easy for me to learn the finer points of customs clearing, I may have struggled to set up a clearing agency, let alone run it successfully without brushes with the law enforcement agencies. The number of cases of officers caught on the wrong side of the law after attempting to cheat the system was astounding. Not that I don't trust myself!

I had newfound respect for John and Emmanuel when I thought about the temptations they may have faced while working for the Department of Customs and Excise. As Beitbridge Border Post remains one of the busiest ports of entry on the African continent, handling about 500 trucks North and South bound per day, the place must have been abound with tempting deals.

Seeing John and Emmanuel succeed in business with their U-Freight, which was the go-to-clearing agent when it was at its prime, inspired me to want to work hard in my chosen career path and do the same at some point.

I would be saddened to hear about John and Emmanuel's fallout, which spilled into the courts over U-Freight's directorship and ownership of assets.

When I joined Old Mutual in 1986, the Zimbabwe Stock Exchange-listed financial behemoth was making waves internationally. It had just made its first entry into the United Kingdom market with the purchase of Providence Capital – a premier private equity investment firm with over US$31 billion in aggregate private equity capital commitments.

I was over the moon and looked forward to learning as much as I could from the best in the field of insurance before contemplating my next move, since I had long wished to become my own man at some point.

While the world today takes insurance as something that has always been there since time immemorial, this was certainly not the case. Insurance was not a once-off discovery but rather its different forms and nature evolved over time to meet the ever-changing needs of society.

For example, during the Stone Age, people were generally hunters and gatherers with little need for insurance as they carried their worldly possessions with them wherever they went. Because their possessions weren't much, there was no need for any form of insurance at that particular time.

For the longest time, misfortune was treated as fate – something decided on by the gods – so much that preparing against future losses was like testing fate, hence it was considered taboo.

In medieval times, simple practices emerged, where farmers would make a collection to assist one of theirs in the event of a natural disaster or a fire, and there hasn't been any turning back ever since.

With the development of trade, it would become apparent that there was a need to take care of risks that occurred during trade to avoid going bust in the event of any mishap. The best way to mitigate such eventuality was to pool resources together and utilise them in the event of a rainy day.

As the Europeans embarked on world trade by sea, they would spread their risk – distributing their cargo to different ships to avoid total loss in the event of pirate attacks or wreckages.

With the growth of sea trade and later industrialisation, insurance further evolved to meet the demands of businesses and society. Edward Lloyds, which later became Lloyd's of London, were pioneers of marine insurance in the 1600s.

After the great London fire in 1666, companies offering marine insurance introduced fire insurance. The years that followed saw insurance further develop to cover many forms of risks; becoming more structured in its delivery and spreading across the globe.

In South Africa, the port at the Cape of Good Hope became of great importance on the African continent. Settlers soon created a business hub there with the Dutch East India Company being the first to establish itself in the Cape of Good Hope, which was formerly reoccupied by the British Crown in 1806, though it became self-governing in 1872.

It was in this rocky headland on the Atlantic coast of the Cape Peninsula in South Africa, where Old Mutual was founded as a mutual insurance company in 1845, by one John Fairbairn, together with some other prominent Cape Town figures.

Fairbairn was born on 4th April 1794 in Berwickshire, Scotland, to parents James Fairbairn and Agnes Brack. He studied medicine at the University of Edinburgh, one of Scotland's four ancient universities "acquiring at the same time, a more than passing knowledge of classical languages and mathematics." The Scot did not graduate from the university and instead in 1818, went on to be an educator at the Bruce's Academy in Newcastle-upon-Tyne, founded by John Bruce (1775 – 1834). While teaching at the academy, John became a member of the Literacy and Philosophy Society – a library that was initially a conversation hub for many of the thinkers of that era.

In 1822, Thomas Pringle, Fairbairn's Scottish pal at the University of Edinburgh, persuaded him to join the many Englanders settling in the newly established British Colony in the Cape of Good Hope where he promised him a career in education. Thomas was a writer, poet and abolitionist and was honoured in South Africa as the father of South African poetry, being the first successful English language poet and author to describe South Africa's scenery, native peoples and living conditions.

Fairbairn arrived in Table Bay, Cape Town in October 1823 and together with Pringle, they opened a school and established two publications – South African Journal, the first English language magazine and the South African Commercial Advertiser, Southern Africa's first independent newspaper.

After Pringle had openly raised questions to raise debate in the Journal on the freedom of press, he was to be censured by the authoritarian British colonial governor, Lord Somerset, under the infamous Secrecy Bill, whose sole purpose was to clamp down on Freedom of the Press. In defiance, Pringle chose to voluntarily shut down the publication, rather than kowtow to the whims and caprices of Lord Somerset. Pringle continued to work with Fairbairn at the South African Commercial Advertiser, a position he would also relinquish under pressure from Somerset.

Fairbairn was also liberal in his political beliefs and as a result was always under the Governor's microscopic eye wherever he went. Undeterred, he was active in the Cape colony and is often referred to as the father of the 'representative government and press freedom in the Cape."

With the Cape's economy flourishing, businessmen in South Africa found the need for insurance firms in the colony, with John Fairbairn becoming one of the founders of the Mutual Company, established in 1845, under the name the Mutual Life Insurance Society of the Cape of Good Hope. It was renamed South Africa Mutual Society in the same year, becoming the second South African insurer formed by expatriates after Thomas Le Brentos' South African Fire and Ice.

The company was modelled after the Scottish Equitable Mutual Life Assurance Society. It had no initial capital and was financed solely from the funds of the society's one hundred and sixty-six members. Its main objective was to mobilise funds to provide cover to its policyholders.

The Mutual Company differed from most because John Fairbairn did not form it with profit in mind. His vision was to establish an institution that would be universally useful with future generations in mind; not as a response to the mineral rush that was going on at the time.

The name Old Mutual came about in 1883 when another mutual society called itself Colonial Mutual Life Assurance society. A rebranding was undertaken to differentiate the company from the new player, and the name Old Mutual was preferred, to distinguish themselves from the upstarts.

It is important to note that John Fairbairn's Mutual Company was the first mutual society in South Africa though not the first insurance company in the Colony. A mutual insurance society is an insurance company that is owned by policyholders. The profits and returns are reinvested into the company.

With the discovery of minerals in South Africa, many insurance companies came to existence, both within the country itself and from foreign lands as far afield as Australia and America, thus increasing competition in the industry.

At the time, Old Mutual was already looking at extending its footprint into different markets, resulting in opening its doors for business in Salisbury (now Harare) in the early 1900s. it would grow in leaps and bounds and has not found a match even though its competitors are doing well in their respective niche markets.

On the 12th of July 1999, Old Mutual successfully completed its demutualisation, marking the birth of the present-day Old Mutual Life Assurance Company Limited. In its strictest sense, demutualisation is a process by which a private, member-owned company, such as a co-op or a mutual life insurance company, legally changes its structure to become a public-traded company owned by shareholders.

By the time Old Mutual demutualised, I had clocked thirteen years within its system, having started off as an Administration Clerk before switching to sales. Of course, the Old Mutual family was not as big as it is today, where it is now operating in over thirty-three countries, including Zimbabwe, and serving more than fifteen million customers worldwide.

Once I started working for Old Mutual, I immersed myself in the insurer's history, traditions and practices, all of which vindicated my choice, even when the decision to join them in July 1986 had not been made on any fundamental basis or understanding, other than the two things mentioned above.

Working for Africa's largest insurer expanded my horizons, helping me understand the importance of knowing one's past as one leaps into the future. These were years of learning how to build a business from scratch and weathering the storms in the face of adversity, as Old Mutual did for many years before I joined them and continues to do so to this day.

Due to Old Mutual's resilience, which is a result of their robust business model and nose for opportunity, they have managed to survive competition going as far back as their founding more than one hundred and seventy five years ago. It has withstood the test of time, surviving through periods of extreme difficulties, including when the black majority in South Africa resisted the disgraceful apartheid regime for much of the latter half of the twentieth century and when nationalist movements swept across the African continent, taking up arms of war to dislodge colonial regimes that had taken root in their respective countries.

Old Mutual had also borne the brunt of the Anglo-Boer Wars. The first fought from 1880 to 1881 when the Boers of the Transvaal revolted against the British government's annexation of 1877, the second Anglo-Boer War which broke out in 1899, before ending in 1902, was more disruptive after Britain rejected the Transvaal ultimatum. As part of the ultimatum, the Boers were demanding that all disputes between the British Empire and the two Boer Republics, namely the South African Republic, (Transvaal) and the Orange Free State, be settled by arbitration; that British troops on the borders be withdrawn; and that troops bound for South Africa by ship should not disembark.

Apart from dealing with adversities, it was interesting to learn how taking a long-term view separates winners from pretenders, and how Old Mutual has thrived from understanding and managing change.

By their nature, big companies such as Old Mutual have years of experience under their belts during which they earned solid goodwill in their fields of expertise. Because they would also have built robust systems over time, they can operate for years, long after their founders would have exited the stage. They form a good basis for learning about systems, governance and exposure to different markets. I could not have asked for anything better. I had the opportunity to rub shoulders with the best within the corridors at Old Mutual, creating useful contacts that I would tap into once I left the company years later.